

ASSEMBLY BILL

No. 2354

Introduced by Assembly Member Solorio

February 24, 2012

An act to amend Sections 1752, 1757, and 10296 of, to add Section 1754 to, to repeal Section 10295 of, and to repeal and add Sections 1753 and 1755 of, the Insurance Code, relating to travel insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2354, as introduced, Solorio. Travel insurance.

Existing law authorizes the issuance of limited licenses as travel insurance agents for employees of railroads, steamships, airlines, and other organizations engaged in transporting persons as common carriers and to individuals or employees of persons engaged in selling transportation on those common carriers.

This bill would revise and recast the provisions related to travel insurance by, among other things, changing the definition of travel insurance to delete references to transportation ticket policies in disability insurance policies and include interruption or cancellation of a trip or event, loss of baggage or personal effects, damages to accommodations or rental vehicles, and sickness, accident, disability, or death occurring during travel. The bill would also authorize limited licenses as travel insurance agents to be issued to any person engaged in transacting travel insurance, as specified, including, but not limited to, a travel retailer, as defined. The bill would also authorize a travel retailer to transact travel insurance on behalf of and under the license of a limited lines travel insurance agent licensed as a business organization and following certain administrative and disclosure requirements.

Existing law requires that a limited license to sell travel insurance be applied for and renewed in the same manner as is provided for a licensee to act as a property broker-agent or a casualty broker-agent, and pay a filing fee, except that an applicant for a limited license as a travel insurance agent need not pass a qualifying examination.

This bill would delete the filing fee and the requirement that the license be applied for and renewed in the same manner as is provided for a licensee to act as a property broker-agent or a casualty broker-agent, and additionally would require that the applicant file with the Insurance Commissioner a written application for licensure, signed by the applicant or an officer of the applicant, in the form prescribed by the commissioner, and a notice of appointment appointing the licensee as the insurer's agent.

The bill would make conforming changes and delete obsolete provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1752 of the Insurance Code is amended
2 to read:

3 1752. Limited licenses as travel insurance agents may be issued
4 ~~to employees of railroad, steamship, airline, and other organizations~~
5 ~~engaged in transporting persons as common carriers and to~~
6 ~~individuals or employees of persons engaged in selling~~
7 ~~transportation on such common carriers~~ *any person engaged in*
8 *transacting travel insurance, including travel retailers not*
9 *otherwise meeting the conditions set forth in Section 1754.*

10 SEC. 2. Section 1753 of the Insurance Code is repealed.

11 ~~1753. Travel insurance agents are restricted to the sale of~~
12 ~~insurance to persons entitled by ticket or otherwise to transportation~~
13 ~~on a common carrier, as follows:~~

14 ~~(a) Transportation ticket policies in the form prescribed by~~
15 ~~Chapter 4, Part 2, Division 2, of this code.~~

16 ~~(b) Baggage insurance on the personal effects of such persons~~
17 ~~while in transit or while in any hotel or other building en route~~
18 ~~during any journey.~~

19 SEC. 3. Section 1753 is added to the Insurance Code, to read:

1 1753. As used in this article, the following terms have the
2 following meanings:

3 (a) “Limited lines travel insurance agent” means an insurer
4 designee, such as a managing general underwriter, managing
5 general agent, or licensed limited lines travel insurance agent.

6 (b) (1) “Travel insurance” means insurance coverage for
7 personal risks incident to planned travel, including, but not limited
8 to, one or more of the following:

9 (A) Interruption or cancellation of a trip or event.

10 (B) Loss of baggage or personal effects.

11 (C) Damages to accommodations or rental vehicles.

12 (D) Sickness, accident, disability, or death occurring during
13 travel.

14 (2) Travel insurance does not include major medical plans, which
15 provide comprehensive medical protection for travelers with trips
16 lasting six months or longer, including for example, those working
17 overseas as an ex-patriot or military personnel being deployed.

18 (c) “Travel retailer” means a business organization engaged in
19 transacting travel insurance.

20 SEC. 4. Section 1754 is added to the Insurance Code, to read:

21 1754. (a) A travel retailer may transact travel insurance on
22 behalf of and under the license of a limited lines travel insurance
23 agent licensed as a business organization, only if the licensee holds
24 a qualifying license and appointment under this article, and all of
25 the following apply:

26 (1) The licensee is clearly identified as the licensed limited lines
27 travel insurance agent on marketing materials and fulfillment
28 packages distributed by the travel retailers to customers.
29 Identification shall include the licensee’s name and contact
30 information.

31 (2) The licensee shall establish at the time of licensure and
32 maintain a register of each travel retailer that transacts travel
33 insurance on the licensee’s behalf. The register shall be maintained
34 and updated annually by the licensee in a form prescribed by, or
35 format acceptable to, the commissioner and shall include the name
36 and contact information of the travel retailer and an officer or
37 person who directs or controls the travel retailer’s operations, and
38 the travel retailer’s federal employer identification number (FEIN).
39 The licensee shall also certify that the registered travel retailer
40 complies with Section 1033 of Title 18 of the United States Code.

1 The licensee shall submit the register for review and inspection
2 upon request by the department.

3 (3) The licensee has designated one of its employees as a
4 licensed individual producer responsible for the licensee's
5 compliance with the insurance laws, rules, and regulations of the
6 state.

7 (4) The designated responsible limited lines travel insurance
8 agent, president, secretary, treasurer, and any other officer or person
9 who directs or controls the licensee's insurance operations comply
10 with the fingerprinting requirements applicable to insurance
11 producers in the resident state of the business organization.

12 (5) The licensee has paid all applicable insurance agent licensing
13 fees required under California law.

14 (6) The licensee requires each employee of the travel retailer
15 whose duties include transacting travel insurance to receive a
16 program of instruction or training. The training shall be provided
17 whenever there is a material change that requires a modification
18 to the training materials, but in no event less frequently than every
19 three years. Training materials used by or on behalf of the licensee
20 to train the employees of a travel retailer shall be submitted to the
21 department at the time the business organization applies for a
22 license under this article, and whenever modified thereafter. The
23 training materials, at a minimum, should contain instruction on
24 the types of insurance offered, ethical sales practices, and
25 disclosures to prospective customers. Any changes to previously
26 submitted training materials shall be submitted to the department
27 with the changes highlighted 30 days prior to their use by the
28 licensee. Training materials and changes to those materials
29 submitted to the department pursuant to this subdivision shall be
30 deemed approved for use by the licensee unless it is notified by
31 the department to the contrary. Failure by a licensed business
32 organization to submit training materials or changes for
33 departmental review or use of unapproved or disapproved training
34 materials shall constitute grounds for denial of an application for
35 a license, nonrenewal of a license, or suspension of a license, as
36 appropriate.

37 (b) A travel retailer, including its employees, whose activities
38 are limited to offering and disseminating travel insurance on behalf
39 of and under the direction of a licensee meeting the conditions
40 stated in subdivision (a), is authorized to do so and receive related

1 compensation. For purposes of this section, “offering and
2 disseminating” means a nonlicensable activity of providing general
3 information, including a description of the coverage and price, as
4 well as processing the application, collecting premiums, and
5 performing other nonlicensable activities permitted by the state.

6 (c) The licensee may not otherwise pay any compensation to a
7 travel retailer or its employees, based primarily on the number of
8 customers electing coverage from the travel retailer. However,
9 nothing in this code shall prohibit payment of compensation to a
10 travel retailer or its employees for activities under the limited lines
11 travel insurance agent’s license that are incidental to the travel
12 retailer’s or its employees overall compensation.

13 (d) As the insurer designee, the licensee is responsible for the
14 acts of the travel retailer.

15 SEC. 5. Section 1755 of the Insurance Code is repealed.

16 ~~1755. That license shall be applied for and renewed in the same~~
17 ~~manner as is provided in this chapter for a licensee to act as a~~
18 ~~property broker-agent or a casualty broker-agent, except that an~~
19 ~~applicant for a limited license as a travel insurance agent need not~~
20 ~~pass a qualifying examination, and that the fee for filing an~~
21 ~~application shall be sixteen dollars (\$16) for each year or fraction~~
22 ~~thereof in the term of the license applied for.~~

23 SEC. 6. Section 1755 is added to the Insurance Code, to read:

24 1755. (a) An applicant for a limited lines travel insurance agent
25 license need not pass a qualifying examination.

26 (b) An applicant for a limited lines travel insurance agent license
27 under this article shall file the following documents with the
28 commissioner:

29 (1) A written application for licensure, signed by the applicant
30 or an officer of the applicant, in the form prescribed by the
31 commissioner.

32 (2) A notice of appointment appointing the licensee as the
33 insurer’s agent.

34 SEC. 7. Section 1757 of the Insurance Code is amended to
35 read:

36 1757. The commissioner may make reasonable rules and
37 regulations necessary for the convenient administration of the
38 provisions of this code respecting the ~~licensing and renewal of~~
39 ~~licenses of travel insurance agents~~ *implementation of this article.*

40 SEC. 8. Section 10295 of the Insurance Code is repealed.

1 ~~10295. A transportation ticket policy is any ticket policy of~~
2 ~~disability insurance sold at transportation stations, depots, or ticket~~
3 ~~offices by the employees of railroads, steamship lines, air lines~~
4 ~~and other organizations engaged in transporting persons as common~~
5 ~~carriers, or by individuals or employees of persons engaged in~~
6 ~~selling transportation on such common carriers, having as its~~
7 ~~dominant feature the protection of the insured from a transportation~~
8 ~~hazard.~~

9 SEC. 9. Section 10296 of the Insurance Code is amended to
10 read:

11 10296. The following written notice shall be provided to every
12 potential applicant for a ~~transportation ticket~~ *policy of travel*
13 *insurance that includes coverage for sickness, accident, or*
14 *disability and is offered pursuant to the provisions of Article 15*
15 *(commencing with Section 1752) of Chapter 5 of Part 2 of Division*
16 *1* at the time the sales presentation is made:

17
18 “NOTICE: This plan contains disability insurance benefits or
19 health insurance benefits, or both, that only apply during the
20 covered trip. You may have coverage from other sources that
21 already provides you with these benefits. You should review your
22 existing policies. If you have any questions about your current
23 coverage, call your insurer or health plan.”